

## **R E M A R K S**

This response is filed pursuant to 37 C.F.R. §1.111 in reply to the non-final Office Action mailed November 3, 2006 (hereinafter the "Office Action"). We note that prosecution of this application has been reopened pursuant to the Notice of Panel Decision dated July 28, 2006 (Part of Paper No. 20060721).

### **Status of the Application**

Claims **1 - 58** are pending. Of these, claims **25 - 34, 36 - 55, 57 and 58** have been withdrawn from consideration. Thus, each of claims **1-58** is pending, but only claims **1 - 24, 35 and 56** are currently under consideration.

Claims **1 - 24, 35 and 56** have been examined, and of these, claims **1, 21, 22, 24, 35 and 56** are independent (six (6) independent claims).

Independent claims **1, 21, 22, 24, 35 and 56** were rejected under 35 U.S.C. §112, first paragraph; claims **1, 4, 21, 22, 24 and 35** were rejected under 35 U.S.C. §112, second paragraph; claims **1, 21, 22, 24, 35 and 56** were rejected under 35 U.S.C. §101; and claims **1 - 24, 35 and 56** were rejected under 35 U.S.C. §103(a) in view of Rupp et al., U.S. Published Application No. 2001/0027431 (hereinafter "Rupp").

In addition to the claim rejections, Figs. 8, 16 and 17 were objected to under 37 CFR 1.83(a), and Figs. 1, 2, 9 and 11-18 were objected to under 37 CFR 1.83(p)(4).

### **Request for Personal Interview**

Applicants hereby request a personal interview with the Examiner to discuss this case, and enclose a completed "Applicant Initiated Interview Request Form" herewith. The undersigned attorney intends to call Examiner Colbert after filing the present Amendment and Response to discuss arranging a mutually agreeable date and time for the meeting, and is hopeful that the Examiner is amenable to a personal interview because the Applicants believe that such a meeting will be helpful in advancing the prosecution of the present application.

**The Section 112, First Paragraph Rejections**

Independent claims **1, 21, 22, 24, 35 and 56** stand rejected for allegedly being based on a disclosure that is not enabling. We traverse.

In particular, the Office Action recites:

“Steps are missing from the claims and are considered critical or essential to the practice of the invention, but not included in the claims(s) is not enabled by the disclosure... Claim 1 recites “specifying via a computer processor, and (sic., “an”) auction behavior; and specifying at least one rule for controlling when a bid may be placed... according to the specified auction behavior. There is not any step(s) containing “auction behavior”, “rule” and “specified auction behavior”. Claims 21, 22, 24, 35 and 56 have similar problems. (See Office Action, page 3, paragraph 6).

As best understood, the Examiner asserts that the independent claims fail to recite necessary steps or structural cooperative relationships of elements. But no support has been given for such a position. Moreover, the entire disclosure does not appear to have been considered, which is required before making such a rejection. No evidence has been provided to show that any of the cited features are considered to be critical by Applicants. It should be noted that features that are merely preferred are not to be considered critical. *In re Goffe*, 542 F.2d 564, 567, 191 USPQ 429, 431 (CCPA 1976).

Furthermore, as recognized in MPEP 2164(c):

“Limiting an applicant to the preferred materials in the absence of limiting prior art would not serve the constitutional purpose of promoting the progress in the useful arts. Therefore, an enablement rejection based on the grounds that a disclosed critical limitation is missing from a claim should be made only when the language of the specification makes it clear that the limitation is critical for the invention to function as intended. Broad language in the disclosure, including the abstract, omitting an allegedly critical feature, tends to rebut the argument of criticality.” (Emphasis added)

We respectfully assert that the present disclosure includes broad language that omits the allegedly critical features. For example, see the passages in the specification on page 3, line 15 to page 4, line 24 that provide an explanation and an example of what constitutes auction behavior, a rule, and a specified auction behavior. At least for this reason, we assert that claims **1, 21, 22, 24, 35 and 56** are enabled by the disclosure.

In view of the above remarks, we respectfully request withdrawal of the 35 U.S.C. §112, first paragraph rejection.

### **Section 112, Second Paragraph Rejections**

Claims **1, 4, 21, 22, 24 and 35** have been for allegedly being indefinite. We traverse.

Claims are indefinite "if reasonable efforts at claim construction prove futile," that is, if a claim "is insolubly ambiguous, and no narrowing construction can properly be adopted." Exxon Research & Eng'g Co. v. United States, 265 F.3d 1371, 1375 (Fed. Cir. 2001). Even if it is a formidable task to understand a claim, and the result not unanimously accepted, as long as the boundaries of a claim may be understood it is "sufficiently clear to avoid invalidity [for] indefiniteness." Id. at 1375. See also Invitrogen Corp. v. Biocrest Mfg., L.P., 424 F.3d 1374, 1383 (Fed. Cir. 2005). We submit that each of claims **1, 4, 21, 22, 24 and 35** is definite for the reasons set forth below.

#### **A. Claims 1, 21, 22 and 24**

In paragraph 7, on page 4 of the Office Action the Examiner contends:

"Claims 1, 21, 22, and 24 recite :... a bid may be placed...". There is no positive recitation that the bid is actually placed and the recited step is not considered limiting."

We respectfully submit that the Examiner has isolated and then read this section of the cited claims out of context. In particular, the second element of claim 1 is illustrative:

*specifying at least one rule for controlling when a bid may be placed automatically for a bidder in the auction according to the specified auction behavior.* (emphasis added)

Accordingly, it is not a formidable task for one skilled in the art to understand the boundaries of claims **1, 21, 22, and 24**. In particular, the highlighted portion of claim **1** shown above means what it says: that the specified rule controls when the bid can be placed automatically for a bidder. There is no ambiguity. Accordingly, claims **1, 21, 22 and 24** are definite and this rejection should be withdrawn.

**B. Claim 4**

The Office Action recites:

“Claim 4, recites a conditional statement. It is unclear what happens “if a highest bid in the auction is from the bidder, placing the bid according to the at least one specified bidding behaviour at a time according to the at least one rule”. (Office Action, page 4).

Again, the Examiner has isolated a portion of the claim, cited it out of context, and then merely asserted that it is unclear. In particular, claim 4 reads:

*4. The method of claim 2, wherein automatically placing at least one bid for the bidder comprises:  
if a highest bid in the auction is not from the bidder, placing the bid according to the at least one specified bidding behavior at a time according to the at least one rule.*

Again, we assert that claim 4 is not insolubly ambiguous because one skilled in the art would understand it to mean what it says: that automatically placing at least one bid for the bidder includes, if the highest bid in the auction is not from the bidder, placing the bid according to at least one bidding behavior at a time according to the at least one rule. We submit that there is no ambiguity. Accordingly, claim 4 is definite and this rejection should be withdrawn.

**C. Claim 35**

The Office Action recites:

“Claim 35...recites... a system... comprising: a behavior database...; and a behavior selector having an input for receiving information about the auction and an output for providing an indication of an auction behavior for the auction using the behavior database. The “input for receiving information... and an output for providing an indication...”. One of ordinary skill in the art of computer systems would be hard put to identify “input for receiving information... and an output for providing an indication...”. Such “input for receiving information... and an output for providing an indication...” is varied, vague, and indefinite. Also, claim 35 does not contain any hardware of (sic,, “or”) software elements for a system claim format. A “database” is merely a file composed of records, each containing fields together with a set of operations for searching, sorting, recombining, and other functions.” (See Office Action, page 4)

But the second element of claim **35** recites:

*a behavior selector having an input for receiving information about the auction and an output for providing an indication of an auction behavior for the auction using the behavior database.*

We submit that this portion of claim **35** is unambiguous, as one skilled in the art would understand this claim language. It is clear from claim **35** that the input is for receiving information about the auction, and the output is for providing an indication of an auction behavior for the auction, using the behavior database. Furthermore, Fig. 1 illustrates an embodiment of an online auction system for managing an auction that includes an auction behavior selector 106 (described on page 10, lines 4-19 of the application), and Fig. 6 illustrates an example table for a database of behaviors and associated rules (see specification, page 2, lines 26-27). In view of the above remarks, we respectfully assert that one skilled in the art would not find any portion of the language of claim **35** to be insolubly ambiguous.

The Examiner also contends that system claim **35** does not contain any “hardware or software elements”. We do not understand this rejection, as claim **35** recites *a system for selecting an auction behavior for an auction* that includes both *a behavior database* and *a behavior selector*, and these components are each described in the specification. For example, Fig. 2 illustrates an example of an auction server 200 that includes one or more communication ports 202, one or more processors, 204, and storage 208 that may include various databases including an auction database 220. The databases are described in more detail with regard to Figs. 3-8, and in particular, Fig. 6 illustrates an example table for a database of behaviors and associated rules. (See specification, page 11, lines 1-8 with regard to Fig. 2; and page 12, lines 1-10 with regard to Fig. 6). In view of the above remarks, we respectfully assert that claim **35** does indeed contain appropriate structural elements. Thus, we submit that a *prima facie* showing of indefiniteness of claim **35** has not been made and request withdrawal of this rejection.

For all of the above reasons, we submit that a *prima facie* showing of indefiniteness has not been made for any of claims **1, 4, 21, 22, 24 and 35**. Accordingly, we request withdrawal of the 35 U.S.C. §112, paragraph two rejections of these claims.

**The 35 U.S.C. §101 Rejections**

Claims **1, 21, 22, 24, 35 and 56** stand rejected as being directed to non-statutory subject matter. In particular, the Office Action recites:

“If a computer related invention produces a concrete, tangible and useful result, it is patentable subject matter, provided that other conditions for patentability are satisfied.

However, in the instant application claim **1** fails to produce such a result, which meets this requirement. The claimed invention merely recites ‘a rule for controlling when a bid may be placed’. A ‘rule’ and ‘a bud’ (sic., “bid”) are a single ‘rule’ and ‘bid’ which are not considered concrete and tangible. There is no basis for specifying the rule and ‘controlling when a bid may be placed does not solve the problem with concreteness. There is nothing in the claim limitations to lead a person to determine that the claim is tangible and concrete.

Claims **21, 22, 24 and 56** have a similar problem.” (see Office Action, paragraph 9 on pages 5-6).

For the reasons set forth in detail below, we dispute the Examiner’s assertion that there is nothing in claims **1, 21, 22, 24, 35 and 56** to lead a person skilled in the art to determine that the subject matter of these claims is tangible and concrete. These claims are clearly limited to practical applications, produce useful, concrete and tangible results, and are neither natural phenomena, laws of nature, or abstract ideas.

In particular, claim **1** recites *specifying at least one rule for controlling when a bid may be placed automatically for a bidder in the auction according to specified auction behavior*. Useful, concrete, and tangible results are made possible by *specifying at least one rule for controlling when a bid may be placed automatically*, at least because such a process facilitates automatic bidding in an auction.

Claim **21** includes *means for identifying at least one rule for controlling when a bid may be placed automatically for a bidder in the auction according to the selected auction behavior*, which also facilitates automatic bidding in an auction. Such a means provides for a useful, concrete, and tangible result.

Claim **22** recites *a rule generator having an input for receiving an indication of the selected auction behavior and an output providing at least one rule for controlling when a bid may be placed automatically for a bidder in the auction to encourage the selected auction behavior*. Such a rule generator is tangible, and is useful at least for having an output that

provides at least one rule for controlling when an automatic bid may be placed for a bidder in the auction, to encourage the selected auction behavior. Accordingly, the rule generator of claim 22 produces a concrete, useful and tangible result.

Claim 24 is directed to a computer program product including a computer readable medium that contains stored instructions. The computer program instructions, when executed by a computer, direct the computer to perform a method for managing an auction. The program recited by claim 24 directs the computer to operate by *specifying at least one rule for controlling when a bid may be placed automatically for a bidder in the auction according to the selected auction behavior*. Accordingly, claim 24 provides a concrete, useful and tangible result for at least the same reasons explained above concerning claim 1.

Claim 35 includes *a behavior selector having an input for receiving information about the auction and an output for providing an indication of an auction behavior for the auction using the behavior database*. The behavior selector is tangible, and is useful at least for having an output for providing an indication of an auction behavior for the auction. Such a component is used to facilitate the selection of an auction behavior for an auction, which is a concrete, useful and tangible result.

Claim 56 recites a method for determining a beneficial auction behavior for an auction of an item. The process includes *receiving information indicating an outcome and bidding information for a plurality of concluded auctions of similar items, determining a behavior of each of the concluded auctions from the bidding information and selecting the behavior of the auction having the best outcome as the beneficial auction behavior*. It is abundantly clear that the element of claim 56 of *selecting the behavior of the auction having the best outcome as the beneficial auction behavior* is itself a useful, concrete and tangible result.

These features highlighted above render claims 1, 21, 22, 24, 35 and 56 statutory for much the same reason the "final share price" of the claims in State Street Bank rendered the claims statutory:

*"Today, we hold that the transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation, because it produces 'a useful, concrete and tangible result'--a final share price momentarily fixed for recording and reporting purposes and even accepted and relied upon by regulatory*

**authorities and in subsequent trades.”** State Street Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d at 1373 (emphasis added).

Using similar reasoning, the features discussed in detail above for claims **1, 21, 22, 24, 35 and 56** are sufficient to render the claims statutory as producing a useful, concrete and tangible result. As the “final share price” in State Street was a price relied upon by regulatory authorities and in subsequent trades, *specifying at least one rule for controlling when a bid may be placed automatically*, or the *means for identifying at least one rule for controlling when a bid may be placed automatically*, or the *output providing at least one rule for controlling when a bid may be placed automatically*, or *specifying at least one rule for controlling when a bid may be placed automatically*, or the *output for providing an indication of an auction behavior for the auction using the behavior database*, or *selecting the behavior of the auction having the best outcome as the beneficial auction behavior* is likewise acceptable - it is something which is used to either facilitate the management of an auction, or to facilitate selection of an appropriate auction behavior, or to facilitate automatic bidding in an auction. It is noteworthy that neither State Street nor any other case law requires a claim to actually recite something being done with the useful, concrete and tangible result – in the claims of State Street that were determined to produce a useful, concrete and tangible result, the final share price is determined but the independent claims do not recite anything in particular being done with or based on the determined final share price. As the Federal Circuit explained, it is sufficient that the price may be accepted and relied upon by an entity for some purpose, even when a step illustrating such reliance is not explicitly recited in the claims.

It is also worth noting that the requirement for a “useful invention” is to be evaluated for the invention, and is not dependent on the breadth of the claims. Thus, if one species of an invention claimed as a genus is found to be “useful”, utility for the genus is established. Raytheon Co. v. Roper Corp., 724 F.2d 951, 958, 220 USPQ 592, 598 (Fed. Cir. 1983), cert. denied, 469 U.S. 835 (1984) (“When a properly claimed invention meets at least one stated objective, utility under §101 is clearly shown.”). Utility is to be evaluated in a simple “yes” or “no” fashion (i.e., does the invention as claimed possess or not possess utility). There is no subjective test for “utility” that must be deemed to be commensurate with the breadth of the claims being sought to be patented.



In summary, we respectfully assert that at least the highlighted features of claims **1, 21, 22, 24, 35 and 56** presented above demonstrate that these claims are directed to statutory subject matter. Thus, we respectfully request reconsideration and withdrawal of the 35 U.S.C. §101 rejections of claims **1, 21, 22, 24, 35 and 56**.

### **The Drawing Objections**

The drawings were objected to under 37 CFR 1.83(a) as failing to show element “812” in Fig. 8, and under 37 CFR 1.84(p)(5) for including element “1606” in Fig. 16 and “1706” in Fig. 17 (see Office Action, paragraph 10, pages 6-8).

We note that these objections are to the drawings “filed on 10 March 2000” (see “Office Action Summary” of the present Office Action), and that these objections are substantially the same as those made in the Office Action dated May 12, 2004. Please note that we addressed these objections in our Amendment and Response filed on June 9, 2004 (the “June 9<sup>th</sup> Amendment” hereinafter). We checked the Secured “Patent Application Retrieval Information” (Private PAIR) portal on the USPTO website, and PAIR indicates that the June 9<sup>th</sup> Amendment was received and entered in this application. The June 9<sup>th</sup> Amendment included proposed drawing changes which were filed along with replacement drawing sheets to correct the discrepancies noted by the Examiner in Figures 8, 16 and 17. In particular, the replacement sheet for Fig. 8 included a change replacing the reference number “802” with --812--, the replacement sheet for Fig. 16 does not include the reference number “1606”, and the replacement sheet for Fig. 17 does not include the reference number “1706”. These changes apparently have not been expressly acknowledged in any subsequent communications by the Examiner, but we note that such rejections also were not repeated in any of the intervening Office Actions until now.

In view of the above remarks, we respectfully request the Examiner to affirmatively acknowledge and approve the drawing changes and replacement sheets that were submitted with the June 9<sup>th</sup> Amendment when next communicating with the Applicants. Accordingly, once the Examiner confirms that these objections have already been addressed, we request the withdrawal of these objections to Figs. 8, 16 and 17.

On pages 8-9 of the Office Action numerous objections were made to the drawings for allegedly failing to comply with 37 CFR 1.84(p)(4), which reads as follows:

1.84 (p) NUMBERS, LETTERS, AND REFERENCE CHARACTERS

- (4) The same part of an invention appearing in more than one view of the drawing must always be designated by the same reference character, and the same reference character must never be used to designate different parts.

We submit that this section does not require a one to one correspondence between a designated element or component in the specification and the label that appears for the same reference number in the Figures. What 37 CFR 1.84(p)(4) does require is consistency, meaning that a particular reference number must be used to designate a particular part in each drawing view, and the reference number cannot be used to designate different parts. For example, if a particular application includes Figs. 1A, 1B and 1C, and all show different views of the same system with a reference number 100 designating a processor in Fig. 1A, then that reference number 100 cannot be used in Fig. 1B to designate some other part like a storage device, and similarly the reference number 100 can only be used in Fig. 1C to designate a processor.

With regard to the drawing rejections concerning the reference numbers 110, 114 and 118 of Fig. 1, we have amended the associated paragraphs of the specification on page 6, lines 8-25, page 7, lines 8-25, page 10, lines 4-19 and page 10, lines 27-32 so that the terms appearing in the specification match those found in Fig. 1. Such changes are cosmetic only, and no new matter has been added. Thus, the objection to Fig. 1 should be withdrawn.

We traverse the remaining objections concerning the reference numbers of Figs. 2, 9, 11, 12, 13, 14, 15, 16, 17 and 18 as recited on pages 8 and 9 of the Office Action. First, as noted above, 37 CFR 1.84(p)(4) does not require a one to one correspondence between that which is set forth in the description and that which appears in the Figures. Rather, this section means what it says, namely that the same part of an invention that appears in more than one view of the drawings must always be designated by the same reference character, and the same reference character must never be used to designate different parts. We submit that Figs. 2, 11, 12, 13, 14, 15, 16, 17 and 18 do indeed comply with this section.

Furthermore, we submit that it is entirely appropriate, for example, for a term that appears as a “processor 204” in Fig. 2 to be referenced as “one or more processors 204” in the specification (see page 11, lines 1-2). Such a description is readily understandable by one skilled in the art, and is an acceptable and reasonable manner of describing such a component. We know of no prohibition against providing a description in such a manner. Similarly, we submit that it is appropriate, for example, for a term that appears as “initialize an auction 900” in the flowchart of Fig. 9 to be described as “initializing (900) an auction” in the specification (see page 13, line 10). Again, such a description is readily understandable by one skilled in the art, is an acceptable and reasonable manner of describing such a step, and there is no prohibition against it. Similarly, we submit that it is appropriate, for example, that a label for a box appearing as “receive bidder information 1200” in the flowchart of Fig. 12 to be described in the specification as “Information about the bidder is received (1200)” (see application, page 14, line 30). We again assert that such a description is readily understandable by one skilled in the art, that it is an acceptable and reasonable manner of describing such a step, and that there is no prohibition against it. Just because a component of a process, system or apparatus is described in the specification by using a plural form, or active voice, or past tense does not mean that such descriptions run afoul of 37 CFR 1.84(p)(4).

We also note that, if the drawings are of such character that the Examiner believes that the application is defective, then a rejection should be made under 35 U.S.C. § 112, first paragraph and not in the manner asserted above (see MPEP 608.02(a)). In any event, we respectfully submit that first, the drawings comply with 37 CFR 1.84(p)(4), and second, that the drawings and component descriptions are understandable and permit examination (as evidenced by the at least four (4) prior Office Actions on the merits in the prosecution history of this application wherein no drawing objections were made).

In view of the above amendments to the specification with regard to Fig. 1, and the above remarks concerning the descriptions of Figs. 2, 9, 11, 12, 13, 14, 15, 16, 17 and 18, we request withdrawal of all of the objections to the drawings.

### **Section 103 Rejections**

Claims **1 - 24, 35 and 56** are rejected as being unpatentable over a combination of Rupp et al., U.S. Published Application No. 2001/0027431 (hereinafter "Rupp"). Applicants traverse the Examiner's Section 103(a) rejection. There has been no *prima facie* showing that the claims are obvious.

Rupp is directed to providing a method and system for automatically adjusting a total bid value for a multiple variable bid (See Rupp, page 2, paragraph [0021]). A multiple variable bid is one that includes multiple variables such as price, location of the supplier and contract terms (see page 1, paragraph [0015] of Rupp).

#### **A. Independent Claims 1, 21 and 24**

The Examiner contends that Rupp discloses a method and system for managing an auction that includes the element of claim **1** of *specifying, via a computer processor, an auction behavior*. In particular, a portion of Rupp is cited at page 3, col. 1, line 1 to col. 2, line 5 as support for this assertion. But this portion of Rupp merely discusses how bidding occurs in a reverse auction, including bidding for line items that are aggregated by auction software to result in a lot-level bid (see, for example, paragraph 0037 of Rupp). We respectfully submit that Rupp does not teach or suggest *specifying an auction behavior* because the term "auction behavior" is defined as:

"An auction behavior is a manner in which bids in an auction are placed, for example, the times at which they are placed, the frequency with which they are placed, and the amount by which they exceed any previous bid." (See specification, page 9, lines 28-31)

Rupp does not teach or suggest such operation because Rupp is directed to solving a different problem, namely providing methods and systems for adjusting a total bid value for a multiple variable bid. Such operation does not does not concern "auction behavior" as recited by claim **1**. In addition, Rupp does not suggest or teach *identifying an auction behavior* as recited by claim **21**, or *selecting an auction behavior* as recited by claim **24**, for at least the same reason. Since Rupp does not teach or suggest such operation, claims **1, 21 and 24** are patentably distinct thereover.

Furthermore, as admitted by the Examiner on page 10 of the Office Action, Rupp does not teach *specifying at least one rule for controlling when a bid may be placed automatically for*

a bidder in the auction according to the specified auction behavior recited by claim 1. We submit that Rupp also does not teach *means for identifying at least one rule for controlling when a bid may be placed automatically for a bidder in the auction according to the selected auction behavior* as recited by claim 21, or *specifying at least one rule for controlling when a bid may be placed automatically for a bidder in the auction according to the selected auction behavior* as recited by claim 24. The Examiner contends, however, that Rupp “discloses a rule and Rupp further discloses what is interpreted as auction behavior- real time competitive interaction among bidders” and cites to page 3, col. 2 paragraph [0044] as support (see page 10 of the Office Action). Firstly, such real time competitive interaction among bidders is not auction behavior as recited in claims 1, 21 and 24 as explained above, and secondly, this portion of Rupp recites:

[0044] As shown in FIG. 1B, during a typical auction, bids are made against lots. Generally, bidders must submit actual unit prices for all line items within a lot, however, the competition in an auction is based on the aggregate value bid for lots. The aggregate value bid for a lot depends upon the level and mix of line item bids and the quantity of goods or services that are offered for each line item. Therefore, although bidders may submit bids at the line item level, they are competing on the lot level. During the auction, the sponsor 10 can typically monitor the bidding as it occurs. Bidders 30 may also be given some feedback on the auction activity so that they may bid competitively.

In view of the language of this portion, we submit that paragraph [0044] of Rupp does not teach or suggest any “rule” as asserted. Furthermore, claims 1, 21 and 24 do not recite just any rule, but are directed to *specifying at least one rule for controlling when a bid may be placed automatically* (claim 1), and *means for identifying at least one rule for controlling when a bid may be placed automatically* (claim 21), and *specifying at least one rule for controlling when a bid may be placed automatically for a bidder in the auction according to the selected auction behavior* (claim 24), which is not taught or suggested by Rupp. Yet further, the Examiner asserts that:

“It would have been obvious to one having ordinary skill... to modify Rupp because of his disclosure and because such modification would allow Rupp to have bid restrictions and additive activity rules to control the behavior of auction participants.” (Office Action, page 10, lines 11-14).

We submit that such motivations for modifying Rupp are completely unsupported, as Rupp is not directed to controlling the behavior of auction participants as alleged, but rather is

directed to methods and apparatus that encourages bidders to place bids (see, for example, paragraph [0024] of Rupp). We therefore submit that this assertion is a legally insufficient basis for such a modification, as it does not rely on any suggestion or teaching in the prior art but instead relies solely on conjecture. Consequently, such a rejection is improper.

For at least the reasons set forth above, the Applicants submit that no *prima facie* case of obviousness of claim **1, 21 or 24** has been shown and request the withdrawal of the 35 U.S.C. §103(a) rejections of these claims.

**B. Dependent Claims 2 to 20**

Contrary to the Examiner's assertion, no portion of Rupp teaches or suggests "*specifying an auction behavior*" or "*specifying at least one rule for controlling when an bid may be placed*" as recited by claim **1**, as explained in detail above. Thus, claim **1** is patentably distinct over Rupp. Since claims **2 to 20** all directly or indirectly depend on claim **1**, these claims should be allowable for at least the same reasons.

**C. Claims 22 and 23**

Contrary to the Examiner's assertion, no portion of Rupp teaches or suggests a system that includes "*an auction behavior selector providing an indication of a selected auction behavior*" or "*a rule generator having an input for receiving an indication of the selected auction behavior and an output providing at least one rule for controlling when a bid may be placed automatically for a bidder in the auction to encourage the selected auction behavior*" as recited by independent claim **22**. In particular, the following passages of Rupp were cited as allegedly teaching such an auction behavior selector:

[0042] In the typical supplier-bidding auction model, the bidding product or service is defined by the sponsor of the auction. As shown in FIG. 1A, when the sponsor 10 decides to use the auctioning system of the present invention to procure products or services, the sponsor 10 provides information to an auction coordinator 20. This information may include information about incumbent suppliers and historic prices paid for the bidding products or services, for example. Typically, the sponsor 10 works with the auction coordinator 20 to define the bidding products and services, and if desired, lot the products and services appropriately so that the needed products and services can be procured using optimal auction dynamics. A specification may then be prepared for each desired product or service and a Request for Quotation (RFQ) generated for the auction.

[0043] Next, the auction coordinator 20 identifies potential suppliers 30, preferably with input from the sponsor 10, and invites the potential suppliers 30 to participate in the upcoming auction. The potential suppliers are given access to the RFQ, typically through a printed published RFQ document, although the RFQ may be published on an identified Website.

[0044] As shown in FIG. 1B, during a typical auction, bids are made against lots. Generally, bidders must submit actual unit prices for all line items within a lot, however, the competition in an auction is based on the aggregate value bid for lots. The aggregate value bid for a lot depends upon the level and mix of line item bids and the quantity of goods or services that are offered for each line item. Therefore, although bidders may submit bids at the line item level, they are competing on the lot level. During the auction, the sponsor 10 can typically monitor the bidding as it occurs. Bidders 30 may also be given some feedback on the auction activity so that they may bid competitively.

We respectfully submit that these passages of Rupp (paragraphs [0042] to [0044]) do not teach or even suggest an auction behavior selector, much less providing an indication of a selected auction behavior as recited in claim 22.

Furthermore, as admitted by the Examiner, Rupp does not teach “a rule generator having an input... and an output providing at least one rule...” (See Office Action, page 14, lines 20-22). However, the Examiner contends:

“Rupp does disclose rules regarding the bid and auction. It would have been obvious to one skilled in the art to have incorporated a rule generator with an input for receiving an indication of the selected auction behavior and an output providing at least one rule for controlling a bid... in view of Rupp’s disclosure of rules because such a modification would allow Rupp to permit a user to place a reasonable number of bids on a single product or service whereby the system accepts the highest bid submitted by all bidding customers.” (Office Action, page 14, line 22 to page 15, line 6).

But Rupp does not disclose a rule generator and does not disclose “rules” as we explained above with regard to claims 1, 21 and 24. Furthermore, claim 22 does not recite just any rule, but recites *an output providing at least one rule for controlling when a bid may be placed automatically for a bidder in the auction* which is not taught or suggested by Rupp. The motivations suggested by the Examiner for modifying Rupp are thus unsupported, and we submit that such purported motivations are based on a hindsight analysis, wherein the Applicant’s own claim language has been used as a template to reject the claims. Such an analysis is not

permitted under the patent law, and thus such statements are legally insufficient to justify such a modification.

For at least the reasons set forth above, the Applicants submit that no *prima facie* case of obviousness of claim **22** has been shown and request the withdrawal of this 35 U.S.C. §103(a) rejection. In addition, since claim **23** depends upon claim **22**, it should also be allowable for at least the same reasons.

#### **D. Claim 35**

The rejection of claim **35** is flawed in proposing that Rupp discloses anything to do with *auction behavior*, much less the specific limitations the Examiner alleges. The first cited portion of Rupp (page 6, col. 1, paragraph [0067]) merely discloses that three databases, or grouping of databases, are incorporated into the auction network shown in Fig. 4, and that production databases hold data for use by or that is received from production servers, while reporting and training databases hold data that will be used by or is received from the training and reporting servers. Thus, this portion of Rupp has nothing whatsoever to do with *a behavior database in which associations between information about auctions and auction behaviors is stored* as recited by claim **35**.

The second cited portion of Rupp (page 5, col. 1, paragraph [0056] to col. 2, paragraph [0063]) merely describes the auction network of Fig. 4, and does not teach or suggest *a behavior selector having an input for receiving information about the auction and an output for providing an indication of an auction behavior for the auction using the behavior database* as recited by claim **35**.

Accordingly, the rejection of claim **35** does not demonstrate a *prima facie* case of obviousness and should be withdrawn.

#### **E. Claim 56**

The rejection of claim **56** is completely devoid of any detail, referring instead to the rejections of claims **1-24 and 35**. Accordingly, no *prima facie* case of obviousness has been shown.

Moreover, the rejection of claim **56** is further flawed in that Rupp does not teach or even suggest *determining a behavior of each of the concluded auctions from the bidding information*.



At least for these reasons, a *prima facie* case of obviousness has not been shown for claim **56**.

In view of the above remarks, we respectfully request withdrawal of all of the 35 U.S.C. 103(a) rejections of the claims.

#### **AUTHORIZATION TO CHARGE APPROPRIATE FEES**

Applicants hereby petition for a one-month extension of time to respond to the Office Action mailed on November 3, 2006 and authorize the Commissioner to charge Deposit Account No. 50-0271 for the surcharge fee. We do not believe that any other fees are due, but if a fee should be necessary to continue prosecution of the present application, please also charge any such required fee to our Deposit Account No. 50-0271. In addition, please credit any overpayment to Deposit Account No. 50-0271.

#### **CONCLUSION**

For the foregoing reasons it is submitted that all of claims **1 - 24, 35 and 56** are in condition for allowance, and the Examiner's early re-examination and reconsideration are respectfully requested. We note that none of the prior art that was made of record but was not relied upon were discussed herein as none of these references was applied to any of the claims.

If there are any questions regarding the present application, or if the Examiner has any suggestions for expediting allowance of the present application, the Examiner is cordially requested to contact Stephan Filipek at telephone number (203) 461-7252 or via electronic mail at [sfilipek@walkerdigital.com](mailto:sfilipek@walkerdigital.com).

Respectfully submitted,

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Date

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